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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

REAL ESTATE ACTIVITY

As we pointed out last month, this year will probably be the best one real estate brokers have had. It's true that unit sales volume is not quite so high as it was in 1946, but sales prices are a great deal higher, and so commissions are up proportionally.

This naturally means that the estimated number of voluntary real estate sales will be close to an alltime high despite the fall-off in activity during the last quarter of 1955. We don't expect much of a drop, but we do look for sales to slow down more than seasonally, principally because of tighter financing. This drop has already shown up in our index of national real estate activity. During the first 9 months of this year our index was remarkably steady, seldom moving more than a point either way from month to month. In October it fell from 17 points above normal to 14 points above normal. This is a bigger drop than we expect for the next couple of months. We believe that the index will slump in November and December, but think the drop will be less than the one in October.

If we had to guess on the timing of the next noticeable pickup in real estate sales, we would say next spring. There isn't any special reason for this except that it seems a propitious time from both the standpoint of politics and the home buyers' confidence in the future. In the meantime, there will be a lot of sales made by the harder working brokerage offices.

REAL ESTATE MORTGAGE ACTIVITY

In October our national mortgage activity index suffered its biggest drop in several months. Its current level is 156.5, a drop of almost 25 points from its February high of 180.3. It will probably show additional decreases in the next several months. However, you should remember that mortgage activity is still at a very high level and that the February figure of 180.3 was the highest point reached by our index since August 1946.

Since the end of World War II mortgage activity has operated within a very high range. In this range it has reached four well-defined peaks. The first of these was in 1946. There was a decline and a recovery to another peak in early

1948. The following decline ended and another rise carried mortgage activity to another peak in October 1950. At this time Regulation X sent mortgage activity into a mild tailspin until strong recovery set in in early 1954. The fourth peak came early this year, and since that time a slow decline has been in progress. We expect this decline to continue for a few more months, to be followed by another rise in mortgage activity. As we said last month, "The short-term outlook is not discouraging and the long-term one is bright."

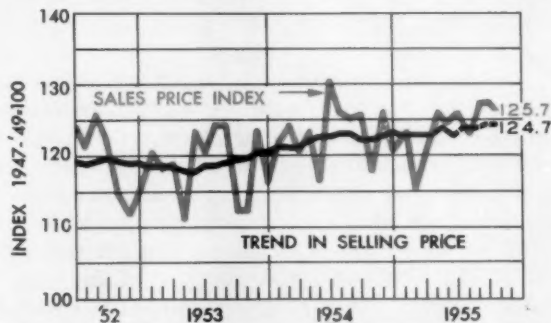
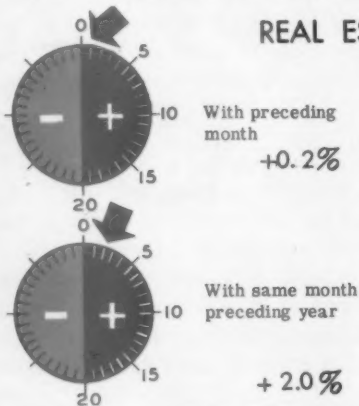
RESIDENTIAL CONSTRUCTION

The volume of nonfarm residential units started reached 1,161,300 through the first 10 months of this year. This was 13% ahead of the 1,026,200 starts during the same period in 1954. There has been some slowdown in the number of units started during the last 2 months, with both September and October volume falling slightly below like months for 1954. This slowdown will have to reach much greater proportions if total volume for the year falls below 1,300,000.

In the months ahead homebuilding will be below the levels of 1 year earlier. Credit restrictions of various types will see to that. Later on in 1956, probably before midyear, we expect credit to loosen and construction to begin moving up again. However, the home builder's life is not an easy one, and the fact that he can look forward to some easing in the credit picture does not solve his other big problem. Land acquisition and development costs are continuing to climb, and this is a problem that most builders will have to continue to battle for many years.

REAL ESTATE SALES PRICE COMPARISONS

(October 1955)



Date	Trend in selling price	Probable selling price of a house that sold for \$12,000 in 1947-49 period	Date	Trend in selling price	Probable selling price of a house that sold for \$12,000 in 1947-49 period
1947-49	100.0	\$12,000	Oct. '48	104.5	\$12,540
1913	40.1	4,812	Jan. '53	118.6	14,230
1918	34.1	4,092	May '53	117.6	14,110
Mar. '29	73.9	8,868	Oct. '53	119.7	14,360
May '32	34.8	4,176	Jan. '54	120.9	14,510
Apr. '34	44.8	5,376	May '54	122.6	14,710
July '37	40.1	4,812	Oct. '54	122.3	14,680
Apr. '38	42.8	5,136	Jan. '55	122.9	14,750
Mar. '41	40.1	4,812	May '55	123.5	14,820
			Aug. '55	123.8	14,860
			Sept. '55	124.5	14,940
			Oct. '55	124.7*	14,965*

*Preliminary

URBAN RENEWAL- NOT YET JET-PROPELLED

THERE'S little danger that the Urban Renewal Program will reach supersonic speed. In fact, while it may be said to be on the runway, even its most enthusiastic supporters will hardly claim that it has gotten off the ground.

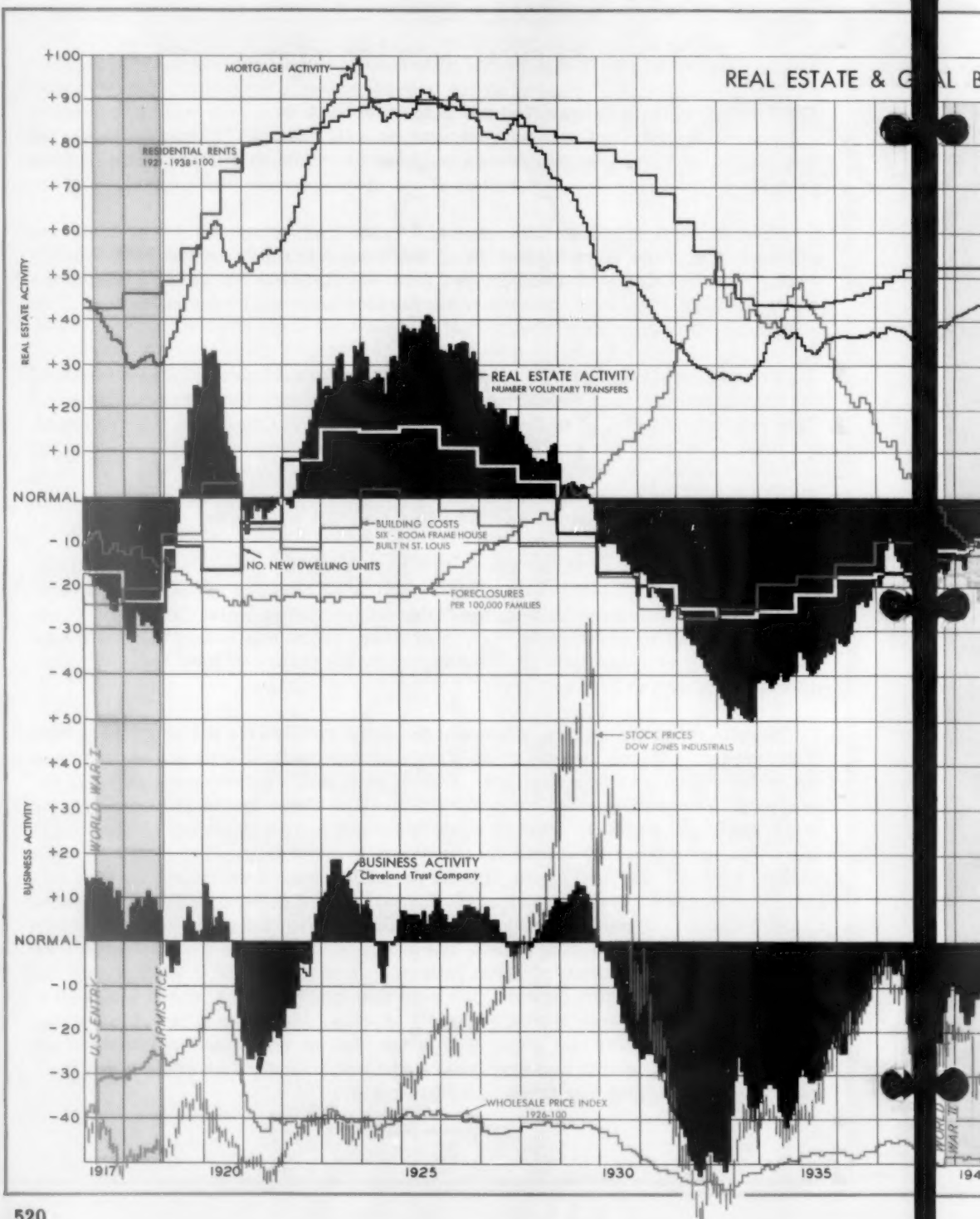
Started under the Slum Clearance and Urban Redevelopment Act of 1949, the program was given more streamlining and maneuverability by the 1954 Housing Act. The old name was also changed to Urban Renewal Program to match the concept of the 1954 act. However, its performance still resembles that of an overloaded blimp.

The present program was put together by Congress, partially as a result of the recommendations of President Eisenhower's Advisory Committee on Housing. This is not to say that all of the recommendations of the Committee were followed, but this is not surprising since the members of the Committee did not all agree on the entire set of recommendations, and since the legislation was written in the shadow of the so-called "windfall" scandals. The program has been criticized as too liberal by some and not liberal enough by others.

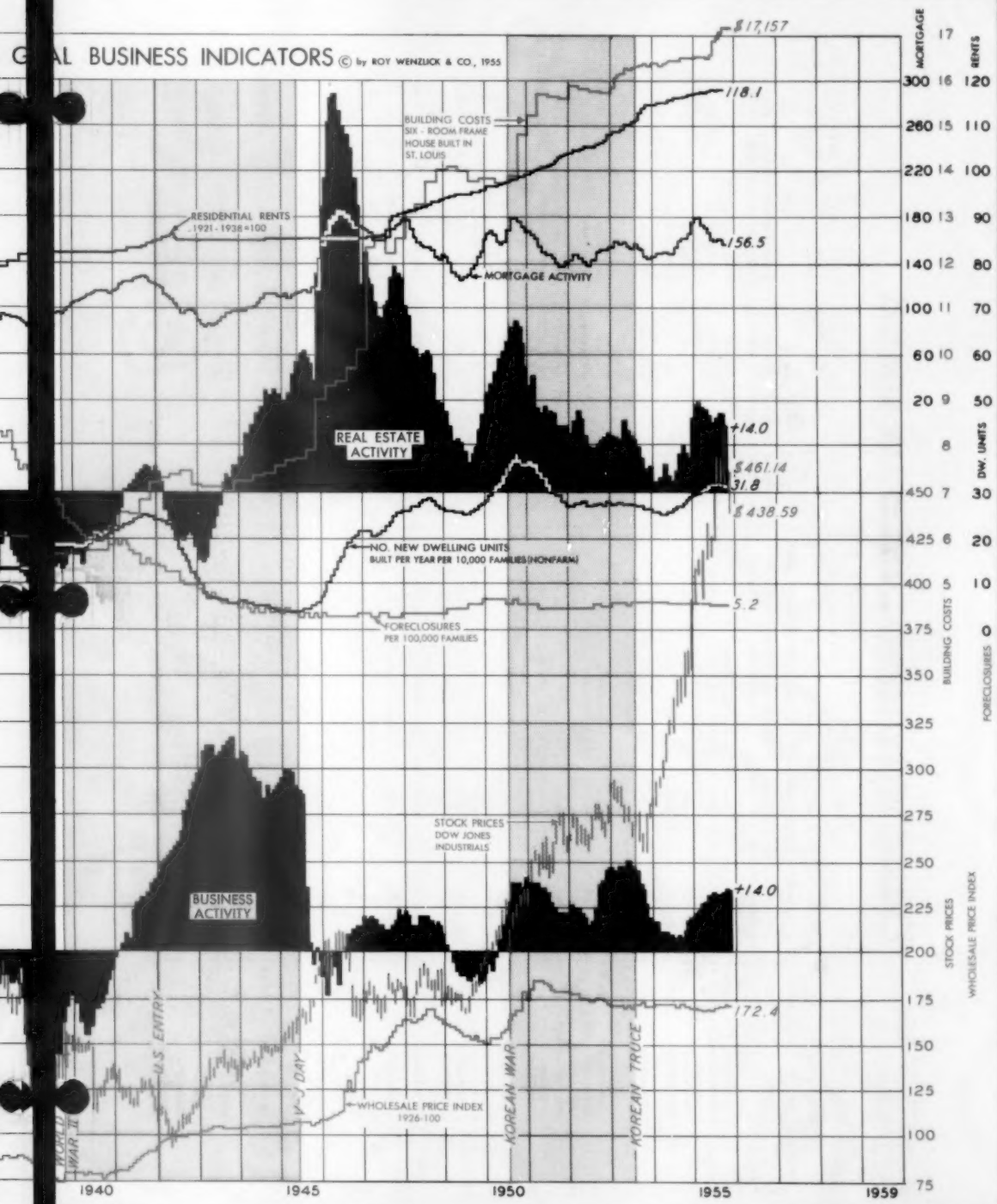
There are other considerations that have kept the program on the ground. State and local legislation has all too often been obscure or lacking entirely. Even now, scarcely two-thirds of the States have enabling legislation that will allow their cities to participate. Furthermore, there has been a lack of public understanding or acceptance as is evidenced by the failure of bond issues to support the program at the local level.

Despite these difficulties, there are two basic reasons for the program's lack of progress. Like all aspects of so large and far-reaching a program, they are not clear-cut or easily classified. One reason is the interlocking setup of the program, which frequently calls for action from three levels of Government - local, State and Federal. This in itself is enough to slow down any program that is not pushed with great fervor by everyone involved in it. The second reason is that, except in isolated cases, this fervor simply hasn't developed. There is a lack of interest and understanding on the part of the general public, and a lack of incentive on the part of builders and lenders. With all types of construction going up at record-breaking speed, the builders simply can't be bothered with the long-drawn-out process of urban renewal. Once the ground is cleared and put up for bids, they'll come forward, but until that happens, they're not interested. To some extent the same is true of the big lenders, and urban renewal is a game that only the big lender can play. There has been an unprecedented demand for borrowed money, and it has been years since any lender has spent much time worrying over having too much money to put out.

(cont. on page 524)



GENERAL BUSINESS INDICATORS © by ROY WENZEL & CO., 1955



URBAN REDEVELOPMENT AND URBAN RENEWAL

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City	State	Demolitions		Contemplated		Period of Time	Number of Dwelling Units To Be Provided	Period of Time	Number of Substandard Units to Be Rehabilitated	Period of Time
		Urban Renewal and Public Housing	Period of Time	Street and Highway Improvement	Period of Time					
Auburn,	Ala.	179	3 yrs.	Included at left			220	6 yrs.	Unknown	
Birmingham,	"	3,305	3 yrs.	15	3 yrs.		1,139	3 yrs.	Unknown	
Gadsden,	"	372	1-7 yrs.	176	1-7 yrs.		300	1-7 yrs.	1,000	10 yrs.
Mobile,	"	686	2 yrs.	44	1 yr.		907	2 yrs.	Unknown	
Montgomery,	"	331	3 yrs.	None			Unknown		Unknown	
Little Rock,	Ark.	200	2 yrs.	Considerable, but undetermined no.			240	Not stated	Unknown	
Los Angeles,	Calif.	6,400	5 yrs.	Not stated			11,100	5 yrs.	60,000	10 yrs.
Richmond,	"	9,400	3-5 yrs.	Not stated	Not stated		3,900	3-5 yrs.	Not stated	
Sacramento,	"	700	Not stated	350	4 yrs.		None	6 yrs.	None	
San Bernardino,	"	365	3 yrs.	550			140	6 yrs.	\$250 per yr. for unspecified time	
San Francisco,	"	4,552	3 yrs.	200	2 yrs.		6,808	6 yrs.	Not determined	
East Haven,	Conn.	150	1 yr.	Not stated			100	2 yrs.	30	1 yr.
Middletown,	"	217	5 yrs.	88	3 yrs.		60	5 yrs.	Not determined	
New Haven,	"	371	3 yrs.	533	3 yrs.		800	3 yrs.	Not determined	
Stamford,	"	300	5 yrs.	800	2 yrs.		1,350	5 yrs.	200	5 yrs.
Waterbury,	"	116	1-2 yrs.	Not stated			Not stated		Not stated	
Washington,	D. C.	17,000	10 yrs.	Not stated			16,000	10 yrs.	40,000	10 yrs.
Wilmington,	Del.	971	3 yrs.	None			950	3 yrs.	Nothing definite	
Cairo,	Ill.	Not stated	9 yrs.	22	6 mo.		100	5 yrs.	Not known	
Chicago,	"	14,300	9 yrs.	5,870	9 yrs.		17,910	9 yrs.	Not stated	
Evansville,	Ind.	227	2 yrs.	50	1½ yrs.		None		None	
Paducah,	Ky.	136	3 yrs.	None			None		None	
Portland,	Maine	500	10 yrs.	50	10 yrs.		100	10 yrs.	2,000	10 yrs.
Baltimore,	Md.	850	2 yrs.	*A few"	2 yrs.		512	2 yrs.	Substantial, but undetermined	
Boston,	Mass.	5,500	5 yrs.	1,000	5 yrs.		3,600	5 yrs.	10,000	5 yrs.
Revere,	"	100	1 yr.	130	2 yrs.		50	1 yr.	Program by 1956	
Somerville,	"	875	5 yrs.	185	5 yrs.		267	5 yrs.	270	5 yrs.
Worcester,	"	534	2 yrs.	Not stated			Not stated		Not stated	

Battle Creek, Detroit, Port Huron,	Mich. " "	206 3,507 200	3 yrs. 2 yrs. 2 yrs.	Planning stage 2,000 None	5 yrs.	206 6,750 None	3 yrs. 3 yrs.	None scheduled No estimate None
Duluth, Minneapolis, St. Paul,	Minn. " "	205 1,600 1,480	3 yrs. 5 yrs. 3 yrs.	75 200 1,400	2 yrs. 5 yrs. 5 yrs.	None 1,600 1,684	5 yrs. 5 yrs.	None 200 Not stated
Kansas City, St. Louis,	Mo. "	2,182 10,350	5 yrs. 5 yrs.	1,560 3,350	5 yrs. 5 yrs.	1,680 7,800	5 yrs. 5 yrs.	No estimate No estimate
Manchester, Naubua, Portsmouth,	N. H. " "	250 168 197	Not stated Not stated 2 yrs.	No estimate None None		None planned None 250		2,700 None None
Elizabeth, Hoboken, Jersey City, Perth Amboy, Trenton,	N. J. " " " "	409 971 850 460 315	3 yrs. 5 yrs. 3 yrs. 3 yrs. 3 yrs.	None None None 200 100		578 1,150 2,400 1,000 550	5 yrs. 5 yrs. 5 yrs. 5 yrs. 5 yrs.	2,000 750 Not stated 2,000 Unknown
Binghamton, New York, North Tarrytown, Schenectady, Syracuse,	N. Y. " " " "	378 40,000 155 348 1,100	2 yrs. 4 yrs. 3 yrs. 3 yrs. Not stated	310 9,600 None 88 Not known	Not stated 4 yrs. 5 yrs. 5 yrs.	270 47,000 260 None 325	2 yrs. 4 yrs. 3 yrs. 3 yrs. 2 yrs.	Unknown Unknown Unknown None Not known
Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Warren, Youngstown,	Ohio " " " " " "	4,500 7,460 2,555 2,540 557 1,200 1,000	5 yrs. 10 yrs. 5 yrs. 5 yrs. 5-10 yrs. 3-5 yrs. 10 yrs.	8,168 1,500 1,150 1,700 None 75 Not known	5 yrs. 6 yrs. 5 yrs. 5 yrs. 2 yrs.	2,450 6,000 2,325 1,400 1,045 None 304	5 yrs. 10 yrs. 5 yrs. 5 yrs. 5-10 yrs. 1 yr.	2,500 110,000 3,000-5,000 12,000 6,805 Not known Not known
Beaver, Harrisburg, McKeesport, Philadelphia, Pittsburgh, York,	Pa. " " " " "	122 726 300 4,800 7,600 245	2 yrs. Not stated 1½ yrs. 3 yrs. 15 yrs. 5 yrs.	41 Not known None 390 Not known Not known	1 yr. 1 yr.	225 1,130 200 6,057 7,600 531	2 yrs. Not stated 1½ yrs. 3 yrs. 15 yrs. 5 yrs.	1,000 None None 10,600 11,400 Not known
Providence, Gallatin, Knoxville,	R. I. Tenn. "	1,900 152 510	5 yrs. 3 yrs. 2 yrs.	2,000 60 200	5 yrs. 3 yrs. 3 yrs.	500 100 Not known	5 yrs. 1½ yrs.	500 None 5,000
Portsmouth, Richmond, Roanoke,	Va. " "	305 950 438	4 yrs. 2 yrs. 5 yrs.	None 1,345 None	3 yrs.	Indefinite 1,624 535	Not stated 7 yrs.	None 4,000 333
Madison, Milwaukee,	Wis. "	1,205 1,960	5 yrs. 5 yrs.	250 630	5 yrs. 5 yrs.	615 1,750	5 yrs. 5 yrs.	None 1,300

URBAN RENEWAL - NOT YET JET-PROPELLED

(cont. from page 519)

You can see, therefore, that the reasons for lack of speed are inherent in the makeup of the program and in the feverish pace of the construction and lending industries. It is a complicated job that requires the enthusiastic cooperation of all levels of Government, the general public, and the builder and lender. If interest lags at any point, the program slows down or fails to even get started.

All of this does not mean that the program has failed. Nearly all of the big cities have programs under way even though most of them have not reached the land acquisition stage. In order to get some idea of the impact urban renewal would have, we sent questionnaires to all cities enrolled in the program as of September 30, 1954.

Response to this questionnaire was not so good as we originally expected because a number of cities had not progressed far enough with their program to answer the questions. Some of the larger cities in this category are Denver, Colorado; Hartford, Connecticut; Newark, New Jersey; and Atlantic City, New Jersey. There are also numerous smaller cities where plans have not developed far enough for them to make the estimates we requested.

What we asked in our questionnaire was: 1. How many dwelling units were to be demolished as a result of their urban renewal program; 2. How many to be demolished for street widenings; 3. How many public and private new dwelling units to be provided; and 4. How many substandard dwelling units to be rehabilitated. Following each of these questions was another asking over what period of time the work was planned.

The table on pages 522 and 523 shows the answers we received. This tabulation includes contemplated demolitions and new construction under both the Urban Redevelopment Program of 1949 and the Urban Renewal Program of 1954. Most of this contemplated work is programmed under the older act (urban redevelopment), and it is reasonable to expect substantial increases in a good many of these cities when they finally get under way with their urban renewal program. Therefore, these are not final figures by any means. They are estimates and are subject to upward or downward revision. However, they are interesting because they show that despite the difficulties in getting such an enormous program under way, it is finally moving. Nevertheless, more progress is needed. More enthusiasm and push should be generated at the local level. If new legislation is needed at any level, local leadership should sponsor it. The real estate and building industry has inveighed against public housing with excellent reason for 20 years. Urban Renewal offers at least the beginning of a program to bring public housing to an end. For this reason, if for no other, it should have their unstinted support.